

Message Text

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PAGE 01 STATE 017462

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DRAFTED BY: XMB:AMOHANIAN

APPROVED BY: EB/OCA/REP:GPWILSON

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EB/IFD/ODF:BGCROWE

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TO AMEMBASSY CANBERRA

INFO AMCONSUL SYDNEY

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E.O. 11652: N/A

TAGS: APUB, AS

SUBJECT: PRESS RELEASE ON EXIMBANK CREDIT TO AUSTRALIA

FOLLOWING IS FINAL TEXT OF EXPORT-IMPORT BANK RELEASE ON THE DIRECT CREDIT OF DOLS 31.5 MILLION TO JOHN LYSAGHT (AUSTRALIA) LIMITED (JLA), OF SYDNEY. RELEASE IS SCHEDULED FOR ANNOUNCEMENT HERE IN WASHINGTON, D.C. FOR A.M. PAPERS, THURSDAY, JANUARY 30, 1975.

QUOTE: EXIMBANK CREDIT OF DOLS 31.5 MILLION SUPPORTS DOLS 70 MILLION SALE OF U.S. STEEL MILL EQUIPMENT TO AUSTRALIA

TO SUPPORT A DOLS 70 MILLION SALE OF U.S. EQUIPMENT AND SERVICES REQUIRED FOR A HOT STRIP MILL IN AUSTRALIA, THE BOARD OF DIRECTORS OF THE EXPORT-IMPORT BANK OF THE UNITED STATES, PURSUANT TO AN EXIMBANK PRELIMINARY COMMITMENT APPROVED AUGUST 24, 1974, HAS UNCLASSIFIED

UNCLASSIFIED

PAGE 02 STATE 017462

AUTHORIZED A DIRECT CREDIT OF DOLS 31.5 MILLION TO FINANCE 45

PERCENT OF THE TOTAL U.S. COSTS, ACCORDING TO EXIMBANK'S CHAIRMAN WILLIAN J. CASEY. A CREDIT OF DOLS 31.5 MILLION FROM THE PITTSBURGH NATIONAL BANK GROUP, INCLUDING BANK OF AMERICA, WILL FINANCE ANOTHER 45 PERCENT OF THE TOTAL U.S. COSTS. THE OBLIGOR, JOHN LYSAGHT (AUSTRALIA) LIMITED (JLA), OF SYDNEY, WILL MAKE CASH PAYMENT OF THE BALANCE OF THE U.S. COSTS OF 10 PERCENT OR DOLS 7 MILLION. ESTABLISHED IN 1921, JLA IS AUSTRALIA'S SOLE PRODUCER OF SHEET STEEL AND COIL.

THE PROJECT IS FOR THE INSTALLATION OF AN 80-INCH SEMI-CONTINUOUS HOT STRIP MILL AT JLA'S WESTERNPORT PLANT. THE COILS FROM THE HOT STRIP MILL WILL FEED THE COLD PLANT AT WESTERNPORT AND PORT KEMPLA. TOTAL COST OF THE PROJECT IS EXTIMATED AT SOME DOLS 150 MILLION. U.S. SUPPLIERS ALREADY DESIGNATED INCLUDE MESTA MACHINE COMPANY OF PITTSBURGH, PENNSYLVANIA, AND GENERAL ELECTRIC COMPANY OF FAIRFIELD,

CONNECTICUT.

THE LOANS ARE TO BE REPAYED IN 16 SEMIANNUAL INSTALLMENTS BEGINNING APRIL 10, 1978, WITH EXIMBANK'S DIRECT CREDIT OF DOLS 31.5 MILLION TO BE REPAYED OUT OF THE LAST 8 INSTALLMENTS. INTEREST ON EXIMBANK'S CREDIT WILL BE AT THE RATE OF 7 PERCENT PER ANNUM, WHICH WHEN BLENDED WITH THE PORTION OF THE CREDIT FROM THE PARTICIPATING COMMERCIAL BANK RESULTS IN AN ESTIMATED INTEREST COST TO THE BORROWER, BASED ON CURRENT RATES, OF ABOUT 8.8 PERCENT TO 9.05 PERCENT PER ANNUM. UNQUOTE INGERSOLL

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